

MPC - Geology
Thomas E. Newman,
CP, RG
Chief Geologist



Holcim (US) Inc.
1405 parkwood Drive
Ft Collins, CO
80525-1934
USA

Phone 970-215-6110
www.holcim.com/us
Tom.newman@holcim.com

M/029/0004

7333
7332

7-5-16

To:
Paul Baker
Leslie Heppler
Utah Department of Natural Resources
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT
USA 84114-5801
801,538,5318
801-521-6210
paulbaker@utah.gov
lheppler@utah.gov

Subject: Request for Extension – Round Valley Quarry, Morgan, Utah – M/029/0004

Dear Mr. Baker and Ms. Heppler,

LafargeHolcim also known as Holcim (US) Inc. is acting on behalf of Scott and Joseph Rees.

Holcim (US) Inc. is working with Scott and Joseph Rees to be assigned the mine permit and reclamation bonding for Round Valley M/029/0004.

As part of the agreement between Rees Family and Holcim (US) Inc., Holcim (US) Inc. will issue a Surety Bond to the State of Utah.

This letter is also to request an extension of the date set in your letter dated May 2, 2016. We are currently reviewing the cost estimate for reclamation and are also working on creating a new block model for the resource with the objective of assessing the entire deposit, re-design the quarry, complete a life of mine plan and design the reclamation accordingly. To accomplish this we are requesting that:

1. We post a new bond per attached calculations by July 31, 2016
2. Transfer the Permit to Holcim (US) Inc by August 30, 2016. (At which time Holcim will initiate filing an amendment to the NOI based on increased acreage (This is contingent on the development of a new block model and resource calculation as stated above..

Your consideration on this extension is most appreciated.

Sincerely,

Tnewman (electronic signature)

Tom Newman, CPG, RG (Utah)
Chief Geologist
Holcim (US) Inc.

Cc: Joseph Scott Rees
Round Valley Rock, Inc.
2235 East Rees Lane

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Div. of Oil, Gas & Mining

Morgan, Utah 84050

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Div. of Oil, Gas & Mining

Round Valley Contouring and Seeding																					
Data Release : Year 2016																					
Unit Cost Estimate																					
Quantity	LineNumber	Source	Description	Crew	Daily Output	Labor Hours	Unit	Material	Labor	Equipment	Total	Ext. Mat.	Ext. Labor	Ext. Equip.	Ext. Total	O&P	Mat.	O&P	Labor	Equip.	Total
754	329219144600		Seeding athletic fields, seeding slope mix with mulch and fertilizer, 6 lb. per M.S.F., hydro or air seeding	B81	80	0.2	M.S.F.	\$ 26.85	\$ 5.80	\$ 8.30	\$ 40.95	\$ 20,244.90	\$ 4,373.20	\$ 6,258.20	\$ 30,876.30	\$ 29.58		\$ 9.64		\$ 9.17	\$ 48.39
13963	312323200014		Cycle hauling(wait, load, travel, unload or dump & return) time per cycle, excavated or borrow, loose cubic yards, 10 min wait/load/unload, 8 C.Y. truck, 15 MPH, cycle 0.5 mile, excludes loading equipment	B34A	320	0.03	L.C.Y.	\$ -	\$ 0.80	\$ 1.25	\$ 2.05	\$ -	\$ 11,170.40	\$ 17,453.75	\$ 28,624.15	\$ -		\$ 1.34		\$ 1.37	\$ 2.71
12376	312316421650		Excavating, bulk bank measure, 5 C.Y. capacity = 185 C.Y./hour, wheel mounted, excluding truck loading	B10U	1480	0.01	B.C.Y.	\$ -	\$ 0.20	\$ 0.71	\$ 0.91	\$ -	\$ 2,475.20	\$ 8,786.96	\$ 11,262.16	\$ -		\$ 0.33		\$ 0.78	\$ 1.11
20945	312323170190		Fill, from stockpile, 300 H.P. dozer, 2-1/2 C.Y., 300' haul, spread fill, with front end loader, excludes compaction	B10M	600	0.01	L.C.Y.	\$ -	\$ 0.49	\$ 3.01	\$ 3.50	\$ -	\$ 10,263.05	\$ 63,044.45	\$ 73,307.50	\$ -		\$ 0.82		\$ 3.32	\$ 4.14
261	312323200018		Cycle hauling(wait, load, travel, unload or dump & return) time per cycle, excavated or borrow, loose cubic yards, 10 min wait/load/unload, 8 C.Y. truck, cycle 2 miles, 15MPH, excludes loading equipment	B34A	208	0.04	L.C.Y.	\$ -	\$ 1.24	\$ 1.93	\$ 3.17	\$ -	\$ 323.64	\$ 503.73	\$ 827.37	\$ -		\$ 2.05		\$ 2.12	\$ 4.17
261	312316421650		Excavating, bulk bank measure, 5 C.Y. capacity = 185 C.Y./hour, wheel mounted, excluding truck loading	B10U	1480	0.01	B.C.Y.	\$ -	\$ 0.20	\$ 0.71	\$ 0.91	\$ -	\$ 52.20	\$ 185.31	\$ 237.51	\$ -		\$ 0.33		\$ 0.78	\$ 1.11
153882	312316466060		Excavating, bulk, dozer, open site, bank measure, sand and gravel, 700 H.P. dozer, 300' haul	B10V	1030	0.01	B.C.Y.	\$ -	\$ 0.29	\$ 4.99	\$ 5.28	\$ -	\$ 44,625.78	\$ 767,871.18	\$ 812,496.96	\$ -		\$ 0.48		\$ 5.47	\$ 5.95
298750	BLST CNTRCTR	U	Bulk Blasting by contractor		0	0	B.C.Y.	\$ 0.25	\$ 0.25	\$ 0.50	\$ 1.00	\$ 74,687.50	\$ 74,687.50	\$ 149,375.00	\$ 298,750.00	\$ 0.25		\$ 0.25		\$ 0.50	\$ 1.00

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O&P	Ext. Mat.	Ext. Labor O&P	Ext. Equip. O&P	Ext. Total O&P	Type	Labor Release	CCI Location	Notes
								45acquarry = 43560ft2 x 45ac = 1960200ft2 / 1000 = 1960 MSF x 38.5% revegetation requirement in LMO equals 754 MSF to be reseeded
\$ 22,303.32	\$ 7,268.56	\$ 6,914.18	\$ 36,486.06	OPN	Year 2016	UTAH / OGDEN (842,844)		
								13,963 LCY spreading soil substitute hauled and spread 1/2' thick on revegetation areas 754,000 x .50 = 377,000/27 using overburden and waste rock -
\$ -	\$ 18,710.42	\$ 19,129.31	\$ 37,839.73	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Calculation for excavating - and hauling the spreaded soil substitute and converting from BCY to LCY. 40% swell factor
\$ -	\$ 4,084.08	\$ 9,653.28	\$ 13,737.36	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Spreading, grading and contouring soil substitute material - 20945 LCY based on earlier calculations
\$ -	\$ 17,174.90	\$ 69,537.40	\$ 86,712.30	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Soil substitute amendment: 5 tons composted manure per acre of revegetation = 15 cubic yards/acre based on material density of .33 tons/cubic yard. 17.3 revegetated acres x 15.1 cubic yards of composted manure = 261 LCY
\$ -	\$ 535.05	\$ 553.32	\$ 1,088.37	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Loading and hauling composted manure for soil substitute amendments. In this case, no swell factor. LCY = BCY
\$ -	\$ 86.13	\$ 203.58	\$ 289.71	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Large stockpile of shot rock in east side of quarry Dozer pushing stockpiles to achieve 3h : 1v. 238' x 340/2 x 350 = 524,481 BCY/3 for slope = 174,827 BCY - 20,945 BCY soil substitute already calculated in another section = 153,882 BCY to be moved
\$ -	\$ 73,863.36	\$ 841,734.54	\$ 915,597.90	OPN	Year 2016	UTAH / OGDEN (842,844)		
								Contractor Blasting based on 2016 pricing - \$1.00 per yard Blasting benches at 234750 yd3 - from precious section Blasting side walls at 64000 yd3 - from previous section total 298750 yd3
\$ 74,687.50	\$ 74,687.50	\$ 149,375.00	\$ 298,750.00	USER	Year 2016	UTAH / OGDEN (842,844)		

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Div. of Oil, Gas & Mining

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To:
Paul Baker
Leslie Heppler
Utah Department of Natural Resources
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
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lheppler@utah.gov

Subject: Request for Extension – Round Valley Quarry, Morgan, Utah – M/029/0004

Dear Mr. Baker and Ms. Heppler,

LafargeHolcim also known as Holcim (US) Inc. is acting on behalf of Scott and Joseph Rees.

Holcim (US) Inc. is actively in negotiations with Scott and Joseph Rees to taken over the mine permit and reclamation bonding for Round Valley M/029/0004.

As part of the contract between Rees and Holcim (US) Inc., Holcim (US) Inc. will issue a Surety Bond to the State of Utah for the amount of \$4,181,000. (DOGM Reference Task 7281)

This letter is also to request an extension of the date set in your letter dated May 2, 2016. We are making some headway to be as precise and accurate in the reclamation cost estimate, but need your staff's assistance. We would like to visit with Leslie Heppler on or around August 1st, 2016.

We would propose a date of October 31, 2016.
Your consideration on this extension is most appreciated.

Sincerely,

Tnewman (electronic signature)

Tom Newman, CPG, RG (Utah)
Chief Geologist
Holcim (US) Inc.

Cc:
Joseph Scott Rees
Round Valley Rock, Inc.
2235 East Rees Lane
Morgan, Utah 84050



Paul Baker <paulbaker@utah.gov>

Poverty Point and Round Valley - Bonding Updates - Poverty Point - M/045/0012 and Round Valley - M/029/0004

6 messages

Tom NEWMAN <tom.newman@lafargeholcim.com>

Wed, Jul 6, 2016 at 4:05 PM

To: Paul Baker <paulbaker@utah.gov>, Leslie Heppler <lheppler@utah.gov>

Cc: Ken GEORGE <ken.george@lafargeholcim.com>, Mike Toelle <mike.toelle@lafargeholcim.com>

Dear Paul and Leslie,

Holcim (US) Inc. is making every effort to comply with the 7-7-16 date for the Bonding of:

Poverty Point - M/045/0012
and
Round Valley - M/029/0004

Update:

Poverty Point

A request to increase the Bond amount of our Existing Bond M/045/0012 - has been made with AON and Travelers Bond & Specialty Insurance today.

(please note that the primary contact employees at the companies have taken advantage of the Monday July 4 Holiday and taken the whole week)

I can copy you with email correspondence if needed) The Existing Bond will be increased to \$2,588,900.00 as recommend by DOGM.**Round Valley**

Round Valley existing bond is held as a LOC by the Rees Family....

Holcim (US) Inc. is contracting with the Rees Family to assume the LMO Permit and associated Bond.

The intent is to convert the LOC Bond into a Surety Bond for the amount of \$4,181,000 as suggested by DOGM.

Holcim (US) Inc. was to optimistic in the timing of acquiring the LMO and associated Bond from the Rees Family !

The contributing factor is the merger of Lafarge and Holcim Cement Companies.

It has consumed ALL of our top management's time.

Mike Toelle, Corporate Mine Engineer is leading the effort and can report.

Please let us know what assurances DOGM needs that Holcim (US) Inc. will issue a Surety Bond for \$4,181,00 when the Rees contract is signed.

Your consideration and help in the matter is most appreciated.

Thank you - Tom Newman

attachments

Tom Newman, CP^{cert}

Holcim (US) Inc.

LafargeHolcim Inc.

Sr Raw Materials Expert-Geology

1405 Parkwood Drive

Fort Collins, Colorado 80525-1934

970-215-6110 Cell

tom.newman@lafargeholcim.com

2 attachments

**Devil's Slide Rees Round Valley Bond Reevaluation Extension DOGM Ltr 7-5-16.doc**

50K

**Devil's Slide Poverty Point Bond Reevaluation Extension DOGM Ltr 7-5-2016..doc**

50K

Paul Baker <paulbaker@utah.gov>
To: Leslie Heppler <lheppler@utah.gov>

Wed, Jul 6, 2016 at 4:58 PM

Sorry we got cut off in our conversation, but I trust you to tell Tom what needs to be done.

[Quoted text hidden]

--

Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
[801-538-5261](tel:801-538-5261)
M-W, F

Leslie Heppler <lheppler@utah.gov>
To: Tom NEWMAN <tom.newman@lafargeholcim.com>

Wed, Jul 6, 2016 at 5:05 PM

Cc: Paul Baker <paulbaker@utah.gov>, Ken GEORGE <ken.george@lafargeholcim.com>, Mike Toelle
<mike.toelle@lafargeholcim.com>

Tom -

Thank you for increasing the Poverty Point reclamation surety - the July date is satisfactory (to be in place at OGM by July 21, 2016).

Round Valley is another question. At this time, at the Round Valley Mine, there is more than \$67,200 worth of reclamation liability to the State of Utah. I agree there is NOT \$4,181,000 worth of disturbance.

Could you propose a reasonable amount of reclamation bond based on your best knowledge on how long it will take for negotiations with Scott Rees and the time to get a NOI in place? (Basically I would like to have the mine in compliance)

On Wed, Jul 6, 2016 at 4:05 PM, Tom NEWMAN <tom.newman@lafargeholcim.com> wrote:

[Quoted text hidden]

--

Utah Division of Oil, Gas & Mining
Office hours - Mon thru Fri 8-5
[\(801\) 538-5340](tel:801-538-5340)
Leslie Heppler
lheppler@utah.gov
Direct line [\(801\) 538-5257](tel:801-538-5257) (Mon -Thur)

Thank you for reading this electronic correspondence.
Please consider the environment before printing.

Tom NEWMAN <tom.newman@lafargeholcim.com>

Wed, Jul 6, 2016 at 5:11 PM

To: Leslie Heppler <lheppler@utah.gov>
Cc: Paul Baker <paulbaker@utah.gov>, Ken GEORGE <ken.george@lafargeholcim.com>, Mike Toelle
<mike.toelle@lafargeholcim.com>

Leslie,

Thank you !

A most excellent suggestion for Round Valley....

Mike Toelle and Ken George will be visiting Round Valley tomorrow and can make the assessment for a Surety Bond

based on today...

Mike Toelle and Ken George are the most experienced miners in the Corporation. The Corporation - operates - based on their judgements.

Mike Toelle is making every effort to press forward on the contract with the Rees Family and will report back.

Your consideration is MOST appreciated!

tom

Tom Newman, CP^{cert}
Holcim (US) Inc.
LafargeHolcim Inc.
Sr Raw Materials Expert-Geology
1405 Parkwood Drive
Fort Collins, Colorado 80525-1934
970-215-6110 Cell
tom.newman@lafargeholcim.com

[Quoted text hidden]

Leslie Heppler <lheppler@utah.gov>

Wed, Jul 6, 2016 at 5:20 PM

To: Tom NEWMAN <tom.newman@lafargeholcim.com>

Cc: Paul Baker <paulbaker@utah.gov>, Ken GEORGE <ken.george@lafargeholcim.com>, Mike Toelle <mike.toelle@lafargeholcim.com>

- The biggest cost I see at this time - what it would cost to get the highwalls in compliance. Without a geotech report and request for variance the expense to blast the walls to conform with a 1H:1V slope would be a large expense.
- 2nd cost - how much to get rid of the 37 degree dump face? (ie 2H:1V topsoil and veg)
- 3rd cost - where is that topsoil?

[Quoted text hidden]

Paul Baker <paulbaker@utah.gov>

Tue, Jul 12, 2016 at 9:46 AM

To: Tom NEWMAN <tom.newman@lafargeholcim.com>

Cc: Leslie Heppler <lheppler@utah.gov>, Ken GEORGE <ken.george@lafargeholcim.com>, Mike Toelle <mike.toelle@lafargeholcim.com>

Tom--

I'm sorry for taking this much time to respond to your requests. I believe I understand them, but please let me know if there's a misunderstanding.

The Division approves your requests as follows:

For Round Valley:

LafargeHolcim will submit a new bond in the amount of at least \$1,390,501 by July 31, 2016. Holcim will submit an application to transfer the mine from Scott and Joseph Rees to Holcim by August 30, 2016.

For Poverty Point:

By July 21, 2016, LafargeHolcim will submit an increase in its bond for the Poverty Point mine to a total of \$2,588,900. Changes to the Notice of Intention need to be submitted by October 31, 2016, and members of the Division staff will try to meet with you in early August.

[Quoted text hidden]

--
Paul Baker
Minerals Program Manager
Utah Division of Oil, Gas and Mining
801-538-5261
M-W, F